

As Engrossed: 2/12/91 2/21/91 2/26/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**

A Bill

HOUSE BILL 1541

4 **By: Representatives Holland, Maddox,**
5 **Hawkins, and Wagner**

For An Act To Be Entitled

8 "AN ACT TO PROVIDE FOR ADDITIONAL FUNDING OF ARKANSAS FIRE
9 DEPARTMENTS THROUGH ADDITIONAL INSURANCE PREMIUM TAXES
10 ASSESSED AGAINST INSURERS WRITING FIRE INSURANCE AND
11 SIMILAR COVERAGES IN ORDER TO REDUCE HOMEOWNER INSURANCE
12 RATES IN ARKANSAS; AND FOR OTHER PURPOSES."

14 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

16 SECTION 1. *It is hereby found and determined by the General Assembly of*
17 *the State of Arkansas that additional funding is needed to improve the fire*
18 *protection services in this state. It is further found and determined that*
19 *the public policy of this state is to provide adequate fire protection*
20 *services for property of citizens through the use of properly trained and*
21 *equipped fire fighters, and that the provisions of this act are necessary in*
22 *furtherance of the public health and safety.*

24 SECTION 2. (a) *In addition to the premium taxes collected from*
25 *insurers under other provisions of Arkansas law, each authorized insurer and*
26 *each formerly authorized insurer shall pay to the Fire Protection Revolving*
27 *Fund ("Fund") under Ark. Code Ann. §14-284-305 a tax at the rate of 1/2 of 1%*
28 *on net direct written premiums for coverages upon real and personal property,*
29 *including but not limited to fire, allied lines, farm owner and home owner*
30 *multiple peril, vehicle physical damage and vehicle collision or any*
31 *combination thereof.*

32 (b) *This tax shall be collected by the Insurance Commissioner from the*
33 *insurers at the same time and in the same manner as provided in the premium*
34 *tax sections of the laws of this state under Ark. Code Ann. §26-57-601 et seq.*
35 *and deposited into the Fire Protection Revolving Fund.*

1 (c) Assessments upon which this premium tax is based shall be made on
2 forms prescribed by the Arkansas Insurance Commissioner.

3 (d) Premium tax payments shall be made upon company checks payable to
4 the Fire Protection Revolving Fund.

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6 SECTION 3. (a) (1) These premium tax monies are assessed for
7 disbursement from the Fund by the Department of Finance and Administration to
8 the counties in the following percentages:

9 Arkansas 0.78, Ashley 1.39, Baxter 1.78, Benton 3.86, Boone 1.46, Bradley
10 0.52, Calhoun 0.51, Carroll 0.97, Chicot 0.51, Clark 1.13, Clay 1.10, Cleburne
11 1.11, Cleveland 0.66, Columbia 1.24, Conway 1.04, Craighead 2.91, Crawford
12 1.98, Crittenden 1.32, Cross 0.84, Dallas 0.45, Desha 0.71, Drew 0.80,
13 Faulkner 2.30, Franklin 0.97, Fulton 0.84, Garland 3.12, Grant 1.13, Greene
14 1.39, Hempstead 1.89, Hot Spring 1.46, Howard 0.75, Independence 1.90, Izard
15 0.91, Jackson 0.95, Jefferson 2.32, Johnson 1.05, Lafayette 0.71, Lawrence
16 0.96, Lee 0.73, Lincoln 1.12, Little River 0.77, Logan 1.06, Lonoke 1.70,
17 Madison 0.95, Marion 1.00, Miller 1.44, Mississippi 1.77, Monroe 0.53,
18 Montgomery 0.66, Nevada 0.58, Newton 0.67, Ouachita 1.37, Perry 0.62, Phillips
19 1.12, Pike 0.87, Poinsett 1.14, Polk 1.01, Pope 1.73, Prairie 0.83, Pulaski
20 5.99, Randolph 0.96, St. Francis 1.45, Saline 3.00, Scott 0.59, Searcy 0.73,
21 Sebastian 2.06, Sevier 0.82, Sharp 1.30, Stone 0.77, Union 2.01, Van Buren
22 1.18, Washington 3.46, White 2.71, Woodruff 0.47, Yell 1.11.

23 The monies shall be apportioned by each quorum court to the districts and
24 municipalities within the county based upon population unless the County
25 Intergovernmental Cooperation Council notifies the quorum court of the fire
26 protection needs of the districts and municipalities, in which case the monies
27 shall be apportioned by the quorum court based on those needs. Such funds
28 shall be distributed to municipalities and those certified departments in
29 districts which are in compliance with the sections of this act and Arkansas
30 Code Annotated §§20-22-801 through 20-22-809.

31 (2) Disbursements shall be made on forms prescribed by the Department
32 of Finance and Administration.

33 (b) (1) Such funds shall be used to defray training expenses of fire
34 fighters at the Arkansas Fire Training Academy and/or fire training centers
35 certified by the Arkansas Fire Protection Services Board, for the purchase and

1 improvement of, or for pledging as security for a period of not more than ten
2 (10) years in the financing of the purchase and improvement of, fire fighting
3 equipment and initial capital construction or improvements of fire
4 departments. Municipalities, fire departments and/or districts must expend or
5 allocate for expenditure all funds received under the provisions of this act
6 on or before the expiration of twelve (12) months from the date of receipt.
7 Any excess or surplus funds which are not expended or allocated for
8 expenditure within such twelve (12) month period shall be remitted to the Fund
9 no later than sixty (60) days following the expiration of such twelve (12)
10 month period.

11 (2) Such equipment shall be used by the municipalities and departments
12 located in fire protection districts which have been duly formed or
13 established under the provisions of Ark. Code Ann. §14-284-201 et seq.

14 (c) No rural volunteer fire department and/or district shall receive
15 payments or disbursements from the Fund unless the County Quorum Court and the
16 Board of Commissioners of the Fire Protection District designate the current
17 County Fire Service Coordinator or designate a County Fire Service Coordinator
18 who shall be responsible for seeing that standard guidelines established by
19 the Arkansas Fire Protection Services Board pursuant to Ark. Code Ann. §20-22-
20 801 et seq. are followed.

21 (d) No funds shall be paid to any certified rural volunteer fire
22 department or fire protection district until a written proposal stating the
23 following information has been approved by the quorum court and the Arkansas
24 Fire Protection Services Board:

- 25 (1) Amount of funds requested;
- 26 (2) Purpose for which funds will be expended;
- 27 (3) Plans for training of fire fighters; and
- 28 (4) Anticipated time of completion of project.

29 (e) Rural volunteer fire departments and fire protection districts
30 shall supply such statistical and operational information to the State Fire
31 Protection Services Board and quorum court as required. The quorum court of
32 each county shall file reports on January 15 annually with the State Auditor
33 and Department of Finance and Administration stating how such funds were
34 expended during the preceding twelve (12) months. Each rural volunteer fire
35 department and fire protection district which receives such funds shall file

1 reports on December 1 annually with the quorum court stating how such funds
2 were expended during the preceding twelve (12) months. If any quorum court,
3 rural volunteer fire department or fire protection district fails to make such
4 reports, the fire department and/or district shall not be eligible for new or
5 additional funds until the reports are filed. Any rural fire department
6 and/or district which fails to expend funds in due compliance with the
7 provisions of this act shall not be eligible for new or additional funds from
8 the Fire Protection Revolving Fund until the department and/or district
9 reimburses the Fund in the exact amount of those monies improperly retained or
10 expended.

11 (f) Pursuant to Ark. Code Ann. §14-284-201(a)(2), in any area in any
12 county, in which there is no rural volunteer fire department or fire
13 protection district which qualifies for funds under the provisions of this
14 act, the quorum court is authorized, in its discretion and with the approval
15 of the State Fire Protection Services Board to designate any unincorporated
16 area of the county to be served by a municipal fire department, if approved by
17 the governing authorities of such municipality. In addition to the funds, the
18 municipality is otherwise entitled to under this act, the municipality serving
19 any such designated area shall receive the funds which the rural volunteer
20 fire department or fire protection district would have been eligible to
21 receive, and such funds shall be used by the municipality to provide training
22 and to purchase equipment necessary to provide fire protection in the
23 designated unincorporated area in compliance with this act.

24 (g) No municipality shall receive funds under this act unless it is
25 willing to provide fire protection through mutual aid agreements in areas
26 within five (5) miles of its corporate limits. Such municipalities shall not
27 be required to respond when, in the opinion of proper municipal authorities,
28 municipal property or fire classification rating would be jeopardized.

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30 SECTION 4. Nothing in this act shall be construed to prevent the
31 organization of a volunteer fire department and/or district pursuant to the
32 provisions of Arkansas law. If such a volunteer fire department and/or
33 district is organized after the effective date of this act, the Department of
34 Finance and Administration shall distribute funds provided by this act upon
35 due compliance by the volunteer fire department and district with the

1 eligibility requirements of this act and Ark. Code Ann. §20-22-801 through
2 §20-22-809.

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4 SECTION 5. Nothing in this act shall be construed to prevent quorum
5 courts and governing bodies of municipalities from contributing funds directly
6 to any volunteer fire department and/or district serving such county or
7 municipality.

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9 SECTION 6. Nothing in this act shall be construed to prevent county,
10 municipal, or local water utilities or associations from contributing water
11 free of charge for fire fighting and/or training activities to volunteer fire
12 departments and districts.

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14 SECTION 7. The quorum court of any county is hereby authorized and
15 empowered, in its discretion, to grade, gravel, pave and/or maintain real
16 property of a rural volunteer fire department, including roads or driveways
17 thereof, as necessary for the effective and safe operation of such rural
18 volunteer fire department. Any action taken by the quorum court under the
19 authority of this section shall be specified upon the minutes of the quorum
20 court when the work is authorized.

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22 SECTION 8. The provisions of this act are intended to be supplemental
23 to current provisions of Arkansas law, and shall not be construed as repealing
24 or superseding any other laws applicable thereto.

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26 SECTION 9. The provisions of this act shall become effective on and
27 after January 1, 1992.

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29 SECTION 10. All provisions of this Act of a general and permanent
30 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
31 Code Revision Commission shall incorporate the same in the Code.

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33 SECTION 11. If any provision of this Act or the application thereof to
34 any person or circumstance is held invalid, such invalidity shall not affect
35 other provisions or applications of the Act which can be given effect without

1 *the invalid provision or application, and to this end the provisions of this*
2 *Act are declared to be severable.*

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4 *SECTION 12. All laws and parts of laws in conflict with this Act are*
5 *hereby repealed.*

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/s/ Jim Holland et al

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